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唐宮(中國)控股有限公司

TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1181)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “**Board**”) of Tang Palace (China) Holdings Limited (the “**Company**”) hereby announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Year**”), together with comparative figures for the year ended 31 December 2024 as follows:

HIGHLIGHTS	For the year ended		Change in %
	31 December 2025	2024	
Revenue (RMB'000)	894,584	1,021,063	-12.4%
Gross profit (RMB'000) ⁽¹⁾	589,772	674,423	-12.6%
Gross profit margin	65.9%	66.1%	-0.2%
Loss for the year attributable to owners of the Company (RMB'000)	(59,132)	(18,924)	-212.5%
Net loss margin ⁽²⁾	(6.6)%	(1.9)%	
Basic loss per share (RMB cents)	(5.50)	(1.76)	-212.5%
Dividend per ordinary share			
— Interim special dividend (HK cents)	—	—	
— Proposed final dividend (HK cents)	—	1.00	
Number of restaurants (self-owned)	30	32	
Number of restaurants (joint ventures)	12	17	

(1) Gross profit is calculated by revenue minus cost of inventories consumed.

(2) Net loss margin represents the percentage of loss on the Group's revenue for the year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	3	894,584	1,021,063
Other income	3	22,526	23,298
Cost of inventories consumed		(304,812)	(346,640)
Staff costs		(375,962)	(422,729)
Depreciation of items of property, plant and equipment		(31,110)	(29,574)
Depreciation of right-of-use assets		(52,781)	(52,491)
Utilities and consumables		(48,799)	(52,575)
Rental and related expenses		(28,791)	(31,250)
Other expenses		(98,952)	(103,721)
Finance costs	5	(9,705)	(10,230)
Change in fair value of a financial asset at fair value through profit or loss		(18,864)	(5,517)
Share of losses of joint ventures		(23)	(1,137)
LOSS BEFORE TAX	6	(52,689)	(11,503)
Income tax expense	7	(6,611)	(7,401)
LOSS FOR THE YEAR		(59,300)	(18,904)
Attributable to:			
Owners of the Company		(59,132)	(18,924)
Non-controlling interests		(168)	20
		(59,300)	(18,904)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted (<i>RMB cents</i>)		(5.50)	(1.76)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(59,300)</u>	<u>(18,904)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(2,228)	1,642
Share of other comprehensive loss of joint ventures	<u>(180)</u>	<u>(6)</u>
	<u>(2,408)</u>	<u>1,636</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Financial asset at fair value through other comprehensive income:		
Changes in fair value	(9,636)	(2,441)
Income tax effect	<u>2,409</u>	<u>610</u>
	<u>(7,227)</u>	<u>(1,831)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(9,635)</u>	<u>(195)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(68,935)</u></u>	<u><u>(19,099)</u></u>
Attributable to:		
Owners of the Company	(68,767)	(19,119)
Non-controlling interests	<u>(168)</u>	<u>20</u>
	<u><u>(68,935)</u></u>	<u><u>(19,099)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		60,148	82,554
Right-of-use assets		188,848	187,056
Investments in joint ventures		21,765	18,869
Financial asset at fair value through other comprehensive income		12,197	21,833
Prepayments and deposits	<i>10</i>	17,580	21,037
Deferred tax assets		10,507	17,190
Total non-current assets		311,045	348,539
CURRENT ASSETS			
Inventories		23,204	28,130
Trade and other receivables and prepayments	<i>10</i>	28,301	34,856
Due from joint ventures		1,141	1,187
Tax recoverable		898	161
Financial asset at fair value through profit or loss		—	19,274
Restricted cash		12,659	—
Restricted time deposits		125,002	—
Cash and cash equivalents		170,009	328,281
Total current assets		361,214	411,889
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	330,263	340,843
Due to related companies		124	118
Lease liabilities		57,345	47,429
Tax payable		—	500
Total current liabilities		387,732	388,890
NET CURRENT (LIABILITIES)/ASSETS		(26,518)	22,999
TOTAL ASSETS LESS CURRENT LIABILITIES		284,527	371,538
NON-CURRENT LIABILITIES			
Lease liabilities		157,681	162,488
Deferred tax liabilities		1,332	3,838
Total non-current liabilities		159,013	166,326
NET ASSETS		125,514	205,212
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>12</i>	45,821	45,821
Reserves		81,198	159,864
		127,019	205,685
Non-controlling interests		(1,505)	(473)
Total equity		125,514	205,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability, and its shares (the “**Shares**”) are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business is located at Unit 3, 10th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

During the year, the Group was principally engaged in restaurant operations, food productions and sales of food products.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. The financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has prepared the consolidated financial statements on a going concern basis. The Group recorded net current liabilities of RMB26.5 million as at 31 December 2025. Included therein were contract liabilities of RMB253.0 million which will be settled through catering services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

The management has prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cash flows from operations and the ability of management to adjust the pace of its operational expansion, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over the going concern assumption and the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (*Continued*)

Basis of consolidation (*Continued*)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and joint ventures for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Restaurant operations	889,452	1,014,674
Sales of food products	<u>5,132</u>	<u>6,389</u>
	<u>894,584</u>	<u>1,021,063</u>
Revenue from contracts with customers		
<i>(i) Disaggregated revenue information</i>		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Type of goods or services		
Restaurant operations	889,452	1,014,674
Sales of food products	<u>5,132</u>	<u>6,389</u>
Geographical markets		
Northern China	247,065	263,873
Eastern China	299,267	352,037
Southern China	243,962	282,163
Western China	<u>104,290</u>	<u>122,990</u>
Total	<u>894,584</u>	<u>1,021,063</u>
Timing of revenue recognition		
At a point in time	<u>894,584</u>	<u>1,021,063</u>

3. REVENUE AND OTHER INCOME (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Restaurant operations

The performance obligation is satisfied when the catering services have been provided to customers.

Sales of food products

The performance obligation is satisfied when the food products have been delivered to customers.

The Group's trading terms with its customers are mainly on cash, credit card settlement and in connection with settlement through payment platforms. The credit period is generally less than one month.

An analysis of the Group's other income is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Bank interest income	2,279	2,199
Commission income [#]	14,790	17,338
Government grants [*]	828	1,495
Others	<u>4,629</u>	<u>2,266</u>
	<u><u>22,526</u></u>	<u><u>23,298</u></u>

[#] Commission income represents commission received or receivable in respect of sales of tea related products.

^{*} Government grants represent the incentive subsidies received from the Chinese Mainland for the business activities carried out by the Group. There are no specific conditions attached to the grants. There are no unfulfilled condition or contingencies relating to these grants.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has four reportable operating segments as follows:

- (i) the Southern China region;
- (ii) the Eastern China region;
- (iii) the Northern China region; and
- (iv) the Western China region.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that certain interest income, share of losses of joint ventures, change in fair value of a financial asset at fair value through profit or loss and unallocated expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Segment information about the business is presented below:

	Northern China		Eastern China		Southern China		Western China		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue										
Sales to external customers	247,065	263,873	299,267	352,037	243,962	282,163	104,290	122,990	894,584	1,021,063
Inter-segment sales	—	—	91,818	76,253	—	—	—	—	91,818	76,253
	<u>247,065</u>	<u>263,873</u>	<u>391,085</u>	<u>428,290</u>	<u>243,962</u>	<u>282,163</u>	<u>104,290</u>	<u>122,990</u>	<u>986,402</u>	<u>1,097,316</u>
<i>Reconciliation:</i>										
Elimination of inter-segment sales									(91,818)	(76,253)
Revenue									<u>894,584</u>	<u>1,021,063</u>
Segment results	10,296	24,142	(11,038)	(4,888)	8,392	30,241	(1,042)	561	6,608	50,056
<i>Reconciliation:</i>										
Interest income									246	349
Share of losses of joint ventures									(23)	(1,137)
Change in fair value of a financial asset at fair value through profit or loss									(18,864)	(5,517)
Unallocated expenses									<u>(40,656)</u>	<u>(55,254)</u>
Loss before tax									<u>(52,689)</u>	<u>(11,503)</u>
Other segment information:										
Depreciation of items of property, plant and equipment	5,284	5,456	12,131	12,019	6,961	6,387	6,734	5,712	31,110	29,574
Depreciation of right-of-use assets	20,882	17,881	14,659	19,033	14,681	13,089	2,559	2,488	52,781	52,491
Impairment of property, plant and equipment	—	—	3,437	450	87	—	—	1,743	3,524	2,193
Impairment of right-of-use assets	—	—	3,979	2,357	934	—	—	2,297	4,913	4,654
Capital expenditure*	<u>1,878</u>	<u>12,342</u>	<u>1,102</u>	<u>11,963</u>	<u>10,296</u>	<u>9,744</u>	<u>133</u>	<u>1,107</u>	<u>13,409</u>	<u>35,156</u>

* Capital expenditure represents additions to property, plant and equipment and intangible assets.

For management purposes, segment revenue and segment results are the two key indicators provided to the Group's chief operating decision maker to make decisions about the resource allocation and to assess performance. No segment asset and liability information is presented as, in the opinion of the directors, such information is not a key indicator provided to the Group's chief operating decision maker.

The Group's revenue arises from restaurant operations, food productions and sales of food products.

Geographical information

All of the Group's operations are located in the People's Republic of China (the "PRC"), including Hong Kong. The Group's revenue from external customers and all of its non-current assets are located in the PRC, including Hong Kong.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on lease liabilities	<u>9,705</u>	<u>10,230</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Directors' remuneration	7,582	12,152
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	311,429	355,922
Pension scheme contributions (defined contribution schemes) [^]	<u>56,951</u>	<u>54,655</u>
Total staff costs	<u>375,962</u>	<u>422,729</u>
Depreciation of items of property, plant and equipment	31,110	29,574
Depreciation of right-of-use assets	52,781	52,491
Loss on disposal of items of property, plant and equipment [#]	1,151	630
Impairment of property, plant and equipment [#]	3,524	2,193
Impairment of right-of-use assets [#]	4,913	4,654
(Reversal)/provision of impairment of investments in joint ventures [#]	(4,315)	816
Impairment of an amount due from a joint venture [#]	—	727
Foreign exchange differences, net [#]	(59)	1,062
Change in fair value of a financial asset at fair value through profit or loss	<u>18,864</u>	<u>5,517</u>

[^] There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

[#] Items are included in "Other expenses" in the consolidated statement of profit or loss.

7. INCOME TAX

The Company's subsidiaries in Chinese Mainland are subject to income tax at the rate of 25% (2024: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current — PRC		
Charge for the year	813	3,091
(Overprovision)/underprovision in prior years	(1,627)	170
Current — Hong Kong		
Charge for the year	—	—
PRC withholding tax on dividend income	839	1,811
Deferred	<u>6,586</u>	<u>2,329</u>
Total tax charge for the year	<u><u>6,611</u></u>	<u><u>7,401</u></u>

8. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interim special dividend — Nil (2024: Nil)	—	—
Proposed final dividend — Nil (2024: HK1.00 cent per ordinary share)	<u>—</u>	<u>10,115</u>
	<u><u>—</u></u>	<u><u>10,115</u></u>

After considering the Group's operating and development capital needs, the Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2025.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,076,027,500 (2024: 1,074,721,981) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of basic and diluted loss per share are based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculations	<u>(59,132)</u>	<u>(18,924)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted loss per share calculations	<u>1,076,027,500</u>	<u>1,074,721,981</u>

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	8,013	9,417
Prepayments	17,890	24,979
Deposits and other receivables	<u>19,978</u>	<u>21,497</u>
	45,881	55,893
Less: Prepayments and deposits classified as non-current assets	<u>(17,580)</u>	<u>(21,037)</u>
	<u>28,301</u>	<u>34,856</u>

The Group's trading terms with its customers are mainly credit card settlement and in connection with bills settled through payment platforms with credit period generally less than 30 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on invoice date and net of provisions, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	7,729	9,155
31 to 60 days	92	131
61 to 90 days	4	91
Over 90 days	<u>188</u>	<u>40</u>
	<u>8,013</u>	<u>9,417</u>

11. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	36,472	44,761
Other payables and accruals	10,856	15,339
Salary and welfare payables	29,936	28,021
Contract liabilities	<u>252,999</u>	<u>252,722</u>
	<u>330,263</u>	<u>340,843</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	31,462	36,456
31 to 60 days	1,233	2,506
61 to 90 days	230	795
91 to 180 days	291	987
Over 180 days	<u>3,256</u>	<u>4,017</u>
	<u>36,472</u>	<u>44,761</u>

The trade and other payables are non-interest-bearing and are normally settled on terms of 30 days to 90 days.

12. ISSUED CAPITAL

	As at 31 December 2025		As at 31 December 2024	
	<i>HK\$'000</i>	<i>RMB'000 equivalent</i>	<i>HK\$'000</i>	<i>RMB'000 equivalent</i>
Authorised: 4,000,000,000 ordinary shares of HK\$0.05 each	<u>200,000</u>		<u>200,000</u>	
Issued and fully paid: 1,076,027,500 ordinary shares of HK\$0.05 each	<u>53,801</u>	<u>45,821</u>	<u>53,801</u>	<u>45,821</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2025, as countries adjusted tariff policies and geopolitical tensions intensified, global trade continued to shift. Ongoing uncertainties have driven supply chains to rebalance between trade realignment and capacity relocation. The International Monetary Fund (IMF) noted in its October 2025 *World Economic Outlook* that global growth for 2025 was slightly revised upward, supported by a recovery in services and improved consumer spending in some countries. However, growth remains below pre-tariff-adjustment levels, reflecting the continued impact of high tariffs and uncertainty on medium and long-term investments sentiment. Global real GDP growth was projected to ease from 3.3% in 2024 to 3.2% in 2025, indicating a continued phase of moderate growth.

In 2025, amid ongoing global uncertainties and a volatile macroeconomic environment, consumer markets in Chinese Mainland and Hong Kong continued a modest recovery, though growth momentum remained weak. Consumers have become more rational and cautious in their spending. In Chinese Mainland, there is a stronger shift toward online consumption, with greater emphasis on value for money and overall experience, alongside with considerations such as discounts and membership benefits. As a result, the catering sector has shown signs of a “weak recovery.” According to data from the National Bureau of Statistics, national catering revenue grew by 3.2% year-on-year in 2025, a notable slowdown from the 5.3% growth recorded in 2024.

Hong Kong’s retail and catering market showed modest improvement, supported by major international events and increased visitor arrivals. However, outbound travel and cross-border consumption in Chinese Mainland have become normalized, casting an impact of the traditional peak seasons and diverting part of local dining demand. At the same time, remaining consumers are increasingly favoring non-Chinese cuisines and casual dining with higher table turnover. This structural shift is reflected in 2025 performance data from the Hong Kong Census and Statistics Department, with Chinese restaurant receipts declining by 2.9% year-on-year, while non-Chinese restaurants grew by 4.0%. Overall, traditional Chinese dining remains under pressure from customer outflow and elevated costs, whereas differentiated, experience-driven non-Chinese offerings are able to capture limited local and tourist consumption, demonstrate stronger resilience.

BUSINESS REVIEW

In 2025, the Group focused its operations on market development in major first-tier and new first-tier cities in Chinese Mainland, as well as Hong Kong. Amid slower overall economic growth, ongoing adjustments in the Mainland property sector, and deflationary pressures, consumer sentiment toward the economic outlook remained cautious, leading to a noticeable pullback in spending, while “valued and quality for money” are being prioritized for diners. According to the “China Catering Brand Power White Paper 2025” released by a research institute under canyin88 (紅餐網), 24.2% of consumers indicated a decline in business banquets or corporate team-building meals, while 26.1% of consumers reported fewer social gatherings with relatives and friends. More than 40.0% of consumers, meanwhile, said they do home cooking for themselves or their families more frequently. At the same time, a continuous influx of new brands and new business models, coupled with saturation in popular commercial districts in first- and second-tier cities, has led to a catering market characterized by sluggish demand and increasingly fierce competition on the supply side. In Hong Kong, the business is likewise under pressure from structural changes in consumption patterns and a marked decline in customer traffic. Based on the above, the Group’s revenue for the year ended 31 December 2025 (“**the Year**”) across all regions came under considerable pressure and generally recorded declines compared to 2024. The overall revenue of the Group amounted to RMB894.6 million, reporting a 12.4% decline as compared to the year ended 31 December 2024. Despite the reduced revenue, the Group continued to enhance its operational efficiency, through sustained improvements in supply chain management, workforce efficiency, menu optimization, and reduced food wastage, enabling the Group to maintain stable gross profit margins for the current year. In 2025, the Group’s primary focus was to stabilize its operations across all regions, with targeted strategies implemented in both Chinese Mainland and Hong Kong to address the specific characteristics of local consumer segments.

Chinese Mainland operations are primarily driven by the Group's self-operated brand "Tang Palace". During the Year, the Group's core strategies centered on several key areas: strengthening thematic marketing to reinforce dine-in business, driving continued growth in takeaway sales, enhancing operational efficiency, and exploring new business models. In terms of marketing strategy, the Group has focused on small-scale banquets, which it regards as the optimal model for delivering exceptional experiences and creating lasting memories that drive repeat business. Accordingly, this year's efforts centered on refining banquet marketing around "Tang Palace Banquet" as the core offering — leveraging the strengths of Chinese cultural traditions and Tang Palace's meticulous service to launch the "36 Banquets of Life" series. This encompassed the development of diverse themed banquets, the training of an initial 110 banquet designers, and the formation of dedicated in-store service teams. A comprehensive service process was established, spanning banquet reservations, bespoke design, ceremonial hosting and follow-up engagement, propelling banquet-related revenue more than doubled year-on-year and elevating the banquet segment's share of dine-in revenue from approximately 7.9% last year to around 25.7% this year.

Meanwhile, leveraging its longstanding reputation in premium seafood, the Group continued to capitalize on its strengths in procurement and advanced seafood preparation techniques, to build a themed seafood restaurant. Through seafood-focused marketing initiatives, including distinctive and competitively priced set menus and limited-time specialty dishes, revenue from seafood offerings remained at a healthy level. It continues to reinforce the consumer perception that "For seafood, Tang Palace is the destination".

Takeaway has become an essential component of modern restaurant operations. During the Year, the Group optimized its overall positioning, repositioning itself as a provider of high-quality online takeaway offerings. To better meet customer preferences, it enhanced the menu to reduce decision time for customers. At the same time, each region regularly monitored platform traffic, conversion rates, and sales performance to better understand customer preferences and purchasing behavior, enabling continuous refinement of products and services to maintain a competitive edge. In response to the rapid growth of the Chinese Mainland's delivery market and intensifying platform competition, the Group also piloted takeaway satellite stores near selected core outlets to expand service coverage and drive incremental revenue. Under ongoing operational enhancements, the overall takeaway revenue contribution increased from approximately 11.6% in the prior year to 16.8% for the Year.

Amid persistently high costs, new store expansion remains challenging. During the Year, the Group piloted a low-capex development model by partnering with a renowned hotel group to leverage mutual strengths and complementary advantages, thereby unlocking significant new growth opportunities. This model requires minimal capital investment, helping to mitigate funding pressures and operational risks during expansion, while enhancing resource allocation efficiency and overall returns. In the second half of 2025, two such restaurants were opened in well-known international hotels in Shanghai and Suzhou, leveraging the hotels' brand equity and customer traffic. Since opening, both outlets have delivered encouraging revenue performance, validating the model's viability and market demand. The Group will continue to pursue similar opportunities for future expansion. This will enable the Group to build an integrated "dining + hospitality" ecosystem to forge enduring core competitiveness.

In Hong Kong, the Group has a total of three self-operated outlets during the Year, primarily located in core commercial, tourism, and residential suburbs, serving both local customers and visiting tourists. During the Year, continued outbound travel and cross-border consumption by local residents placed pressure on dine-in revenue of the stores in Hong Kong, particularly during long weekends and festive periods, as part of traditional local gathering demand was diverted to the Chinese Mainland, resulting in a noticeable decline in customer traffic. In response, the Group focused on optimizing its cost structure and operational efficiency, while actively refining its product and service mix to stabilize its core local customer base and enhance resilience. In addition, to meet growing demand for personalized and experience-driven dining, the Group introduced enhanced birthday-themed services across its Hong Kong outlets, including customized decorations, member-exclusive birthday privileges, and complimentary signature dishes. These initiatives aim to strengthen customer engagement and drive family and group dining occasions. The Group believes that strengthening localized and personalized offerings will help stabilize its Hong Kong business.

JOINT-VENTURE BUSINESS

The Group has expanded multiple brands through joint venture partnerships across Chinese Mainland, Hong Kong, and overseas markets, covering a diverse range of cuisines including Cantonese, Sichuan, Huai-Yang, Beijing style hotpot, Taiwanese and Southeast Asian. Overall joint venture performance remained stable in 2025, with the Beijing style hotpot outlet in Hong Kong delivering particularly strong results. Its live Beijing style performances created a distinctive dining experience, attracting strong customer interest. Building on this success, the Group opened a second outlet in Hong Kong in February 2026 and is actively exploring further overseas expansion opportunities. The diversity of international culinary cultures of Hong Kong presents significant potential for introducing new brands, supported by strong consumer interest in novel dining concepts. Thus, our expansion plan becomes more feasible.

Looking ahead, the Group will continue to identify and introduce competitive brands while expanding its presence across Chinese Mainland, Hong Kong, and overseas markets, with the aim of strengthening its position in an increasingly competitive landscape.

PROSPECT

In 2026, escalating geopolitical conflicts and disruptions to global supply chains are expected to further heighten international uncertainties compared to the prior year. Against a backdrop of economic volatility, fluctuating oil prices, and subdued consumer confidence, competition in the consumer market is set to intensify. The Group anticipates that the catering industry will face increasing challenges and will adopt a prudent and disciplined approach in formulating its strategies.

As dine-in remains the Group's core business, its 2026 marketing strategy must strengthen connections with loyalty members through a refined membership system, enhanced service experiences and personalized offerings. This includes expanding private-domain consumption scenarios — such as bespoke takeaway and private banquet delivery services — to unlock member potential. By adopting a “core business-driven extension model”, the strategy will maximize value creation and tap into potential member demand.

At the same time, the Group will continue to drive cost efficiencies and optimize operations by streamlining processes to minimize resource waste, consolidating procurement to reduce costs, implementing multi-role staffing to lower labour expenses, and leveraging digital tools to boost productivity. This will elevate the overall capabilities with refined operational management.

Furthermore, the Group will continue to pursue expansion through a low-capex model to drive revenue growth and accelerate the timeline to profit contribution. Operations in Hong Kong and overseas markets will prioritize stability while actively exploring new business opportunities. Amid challenges lie opportunities, the Group remains committed to innovation and is well positioned to achieve sustainable long-term growth.

FINANCIAL REVIEW

As at 31 December 2025, the Group was operating 30 self-owned restaurants, 5 self-owned takeaway satellite stores and invested in 12 other restaurants under joint ventures. The table below illustrates the number of restaurants by major brands, together with the average spending per customer and percentage of revenue to the Group:

Brand	No. of restaurants as at 31 December		Average spending per customer as at 31 December		Percentage of revenue contributed to the Group as at 31 December	
	2025	2024	2025	2024	2025	2024
			<i>RMB</i>	<i>RMB</i>		
Tang's Cuisine	1	1	378.9	421.2	3.1%	2.7%
Tang Palace*	25	25	218.7	229.6	85.0%	82.9%
Takeaway satellite stores	5	—	70.5	—	0.8%	—
Social Place	3	5	197.8	195.8	9.1%	12.1%
Soup Delice	1	1	80.6	89.9	1.4%	1.3%

* including Tang Palace Seafood Restaurant, Tang Palace and Tang Palace He Yuan

As mentioned above, the Group's overall revenue for the Year decreased by 12.4% to approximately RMB894.6 million, and the overall gross profit margin decreased slightly to 65.9% (2024: 66.1%).

During the Year, the Group had no share award scheme expense (2024: approximately RMB1.4 million). By excluding this expense item, the Group's percentage of revenue on staff costs was 42.0% (2024: 41.3%). In addition, percentage of revenue on depreciation of items of property, plant and equipment was 3.5% (2024: 2.9%) and utility and consumables expenses was 5.5% (2024: 5.1%). Rental and related expenses were categorised as depreciation of right-of-use assets and finance costs according to HKFRS 16. During the Year, percentage of revenue on depreciation of right-of-use assets was 5.9% (2024: 5.1%), percentage of revenue on finance costs was 1.1% (2024: 1.0%) and percentage of revenue on rental and related expenses was 3.2% (2024: 3.1%).

During the Year, income tax expense was approximately RMB6.6 million (2024: approximately RMB7.4 million), which included withholding tax on dividend income of approximately RMB0.8 million (2024: approximately RMB1.8 million) and deferred tax expense of approximately RMB6.6 million (2024: approximately RMB2.3 million). During the Year, provision of impairment losses on property, plant and equipment and right-of-use assets of approximately RMB8.4 million (2024: approximately RMB6.8 million) was recognised as a result of continuous loss making restaurants based on impairment assessment performed by management in accordance with prudent and appropriate accounting principles. The Group recognised fair value loss of a financial asset at fair value through profit or loss of approximately RMB18.9 million as a result of increasing credit risk based on the valuation report prepared by an independent external valuer for the Year (2024: approximately RMB5.5 million). As a result of the foregoing, there was an increase in loss for the Year. The loss attributable to owners of the Company for the Year amounted to approximately RMB59.1 million (2024: loss attributable to owners of the Company amounted to approximately RMB18.9 million).

Cash flow

Cash and cash equivalents decreased by approximately RMB158.3 million from approximately RMB328.3 million as at 31 December 2024 to approximately RMB170.0 million as at 31 December 2025. Net cash of approximately RMB43.4 million was generated from operating activities during the Year. Net cash used in investing activities amounted to approximately RMB134.9 million during the Year, mainly due to the purchase of property, plant and equipment of approximately RMB13.4 million and increase in restricted time deposits of approximately RMB125.0 million, offset by interest received of approximately RMB2.3 million and dividends received from joint ventures of RMB1.2 million. Net cash used in financing activities amounted to approximately RMB64.9 million for the Year.

Liquidity and Financial Resources

The Group's funding and treasury activities are managed and controlled by the senior management. The Group maintained cash and cash equivalents, in aggregate, of approximately RMB170.0 million as at 31 December 2025 (31 December 2024: approximately RMB328.3 million). As at 31 December 2025, the Group's total assets and net assets were approximately RMB672.3 million (31 December 2024: approximately RMB760.4 million) and approximately RMB125.5 million (31 December 2024: approximately RMB205.2 million), respectively. The Group's net current liabilities were approximately RMB26.5 million (31 December 2024: net current assets of approximately RMB23.0 million). Considering the Group's internally generated funds, the Group has sufficient resources to settle its current liabilities as they become due.

As at 31 December 2025, the Group had no bank borrowings (31 December 2024: Nil). The gearing ratio (calculated as bank borrowings divided by total equity) was nil as at 31 December 2025 (31 December 2024: Nil).

As at 31 December 2025, the current ratio (calculated as current assets divided by current liabilities) was 0.9 (31 December 2024: 1.1).

The directors are of the opinion that the Group has sufficient working capital for the Group's operations and expansion in the near future.

Foreign Currency Exposure

The business operations of the Group's subsidiaries were conducted mainly in the Chinese Mainland with revenue and expenses of the Group's subsidiaries denominated mainly in RMB. The Group's cash and bank deposits were denominated mainly in RMB, with some denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group.

As at 31 December 2025, the Directors considered the Group's foreign exchange risk to be insignificant. During the Year, the Group did not use any financial instruments for hedging purposes.

OTHER INFORMATION

Number and Remuneration of Employees

As at 31 December 2025, the Group had around 2,300 employees in Hong Kong and the PRC (31 December 2024: around 2,600). Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industry practice. Other staff benefits provided by the Group include mandatory provident fund, insurance schemes, share awards and performance related bonus.

Capital Commitment

The Group's capital commitment was approximately RMB1.2 million and RMB0.5 million as at 31 December 2025 and 31 December 2024, respectively.

Charges on Group Assets

As at 31 December 2025, the Group had restricted time deposits and restricted cash in the amounts of RMB125.0 million and RMB12.7 million, respectively. Save as disclosed, the Group did not pledge any assets (31 December 2024: Nil).

Litigation

As disclosed in the Company's announcements dated 6 October 2025 and 22 January 2026, Shenzhen Well Excellent Tang Palace F&B Co., Ltd. (深圳維華盛世唐宮飲食有限公司) ("**Well Excellent**"), a wholly owned subsidiary of the Company and Shenzhen Well Excellent Tang Palace F&B Co., Ltd. Caide store (深圳維華盛世唐宮飲食有限公司彩德店), a branch office of Well Excellent (collectively, as the defendants) which engages in restaurant operation at 5th floor of Olive Building, East Caitian Road, Futian District,

Shenzhen (深圳市福田區彩田路東側橄欖大廈5層) (the “**Property**”) under lease agreement with Shenzhen Hui Min Commercial Management Co., Ltd. (深圳市惠民商業管理有限公司) as lessor, received a writ of summons dated 30 September 2025 and issued by the Futian District People’s Court of Shenzhen Municipality (深圳市福田區人民法院) (the “**Futian Court**”) in relation to the Property. Shenzhen Sen Wang Property Management Co., Ltd. (深圳市森望物業管理有限公司) (as plaintiff or alleged landlord of the Property) claims for, among others, return of the Property, and a sum of RMB12.7 million, being the outstanding rental and other costs (the “**Litigation**”). The first hearing date was held on 9 December 2025. The Company received a copy of the civil judgment dated 19 January 2026 (the “**Judgement**”) from the Futian Court. According to the Judgement, Futian Court has dismissed the claim filed by the plaintiff, Shenzhen Sen Wang Property Management Co., Ltd. (深圳市森望物業管理有限公司). The plaintiff made an appeal against the Judgment to Shenzhen Intermediate People’s Court (深圳中級人民法院). As of the date of this announcement, the date of the court hearing for the appeal has not been fixed. The Board considers that the Litigation has no material adverse impact on the business or daily operation of the Group as a whole and has no significant financial impact on the Group. The Company will keep its shareholders and investors informed of any material development in the Litigation.

Contingent Liabilities

As mentioned above, the subsidiary of the Group has been claimed for an amount of RMB12.7 million in the Litigation, the Directors of the Group believes that the final result of the Litigation will not have a material impact on the financial position or operations of the Group. Accordingly, no provision is made in this regard. The Group did not have other material contingent liabilities as at 31 December 2025 and 31 December 2024.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the Year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures of the Company.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the Year. As at 31 December 2025, the Company did not hold any treasury shares.

Compliance with Corporate Governance Code

The Board is committed to maintaining a high standard of corporate governance practices to safeguard the interests of the Company and its shareholders and to enhance corporate value and accountability. These can be achieved by an effective and diversified Board, segregation of duties with clear responsibility, sound internal control, appropriate risk assessment procedures and transparency to all the shareholders.

The Company has complied with all applicable code provisions as set out in Appendix C1 (Corporate Governance Code) to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) throughout the Year.

Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)

The Company has adopted its own code for securities transactions by directors on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all of the directors and all of the directors confirmed that they have complied with the required standards set out in the Model Code during the Year.

Scope of Work of Ernst & Young

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company’s auditors, Ernst & Young (“**EY**”), to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on the preliminary announcement.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference (as amended or supplemented) in compliance with the Corporate Governance Code. The Audit Committee comprises all the three independent non-executive directors, namely Mr. KWONG Ping Man, Mr. KWONG Chi Keung and Mr. CHAN Kin Shun.

The Audit Committee has reviewed the Company’s consolidated financial statements for the Year.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting will be held on 5 June 2026 (the “**AGM**”). A formal notice of the AGM will be published and dispatched to shareholders of the Company (the “**Shareholders**”) as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any final dividend for the year ended 31 December 2025 (2024: final dividend of HK1.00 cent per share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 1 June 2026 to 5 June 2026 (both days inclusive), during which period no transfer of share(s) will be effected. The record date for determining the eligibility of the Shareholders to attend and vote at the AGM will be 1 June 2026. In order to be eligible to attend and vote at the AGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 29 May 2026.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tanggong.cn).

The Group's annual report, containing the information required by the Listing Rules, will be issued to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to thank the management and all the staff of the Group for their hard work and dedication, as well as its Shareholders, business partners and associates, bankers and auditors for their continuous support to the Group during the Year.

By Order of the Board
Tang Palace (China) Holdings Limited
WENG Peihe
Chairman

Hong Kong, 25 March 2026

As at the date of this announcement, the Board comprises the following directors:

Executive directors:

*Ms. WENG Peihe, Mr. YIP Shu Ming,
Mr. CHAN Man Wai, Mr. KU Hok Chiu,
Mr. CHEN Zhi Xiong*

Independent non-executive directors:

*Mr. KWONG Chi Keung, Mr. KWONG Ping Man,
Mr. CHAN Kin Shun*